

CONSUMER ALERT – FLOOD INSURANCE

Will my homeowners policy respond to a flood loss?

Generally speaking, a homeowners policy *will not* cover flood loss. Some companies offer a Hydrostatic Pressure Endorsement to insure your property for the increased exertion of water on the foundation of your structure, which is a condition frequently accompanying the rising waters of a flood; however, most of these endorsements only cover *collapse of the structure* due to hydrostatic pressure and do not insure for damage, other than building collapse, due to hydrostatic pressure accompanying the flood.

- Some homeowners insurance policies provide coverage caused by the backup of sewers or drains; however, most (but not all) sewer and drain coverage provisions exclude backup as a result of flood and most limit payment for loss from sewer and drain backup to varying amounts (usually less than \$5,000).
- If you insure certain property (examples: antiques, guns, jewelry, camera equipment, objects of art, etc.) under a scheduled property floater (usually an endorsement to your homeowners policy), these specifically listed items may be covered for loss by flood. Please review your policy to make sure.

Is my car, truck, SUV, or motorcycle covered for loss by flood?

- On your automobile policy, if you carry “Other than Collision” coverage (formerly called Comprehensive Coverage) on these vehicles, the flood damage to your auto, SUV, or motorcycle should be covered up to the actual cash value at the time of loss, less the deductible amount. If you are carrying towing and road service coverage as part of your auto policy, you may also be covered for the removal of your vehicle from the flooded area.

My mortgage company told me I did not need to purchase flood insurance. Does this mean I do not need flood insurance?

- Do not confuse any contractual obligations between you and your mortgage company with the flood exposure you may face. Just because your mortgage company does not require you to purchase flood insurance does not mean you are immune from experiencing a flood loss. If there are any conditions that could cause you to experience flood damaging your property, consider how you would pay for such a loss. The National Flood Insurance Program (NFIP) flood insurance policy will provide funds to pay most damages resulting from flood. The question each family must ask is: Without flood coverage, will I be able to pay for a flood loss from my own funds?

How is a flood defined for insurance purposes?

- A flood is an excess of water (or mud) on land that’s normally dry. The NFIP defines flood to be a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area; or of two or more properties (at least one of which is the policyholder’s property) from overflow of inland or tidal waters; unusual and rapid accumulation of surface waters from any source; mudflow; or collapse or subsidence of land along the shore of a lake or

You can buy flood insurance for your home or business regardless of whether the property is in or out of a floodplain, as long as the property is located in a participating community.

You may buy flood insurance covering up to \$250,000 of flood damage to your home. A standard flood policy will cover structural damage, including damage to the furnace, water heater, air conditioner, floor surfaces (carpeting and tile), and debris clean-up.

For an additional premium, you also may buy flood coverage for up to \$100,000 of damage to the contents of your home.

Coverage is available for up to \$500,000 for non-residential buildings and their contents.

Plan Ahead — Waiting Period

Commissioner Jim Atterholt certainly understands that the flooding that has occurred over the past few days is very unusual, but continues to stress the importance of planning ahead. “For those who wish to purchase flood insurance for the future, it is important to know that a flood insurance policy normally will not go into effect until 30 days after you purchase the policy,” said Atterholt.

How Can I Buy Flood Insurance?

You can purchase flood insurance for your home or business regardless of whether the property is in or out of a floodplain, directly from your property and casualty insurance agent, or insurance company if your community participates in the NFIP. To find out if your community participates, visit <http://www.fema.gov/cis/IN.pdf>

Your insurance agent or insurance company also can confirm whether flood insurance is available to you and what it would cost.

How Much Does Flood Insurance Cost?

According to the Federal Emergency Management Agency (FEMA), the average homeowners flood insurance premium is a little more than \$500 per year.

Premiums for flood insurance will vary depending upon your risk level for a flood loss, the amount of coverage you choose, the type of coverage you need, and your deductible.

similar body of water as a result of erosion or undermining, caused by waves or currents of water exceeding anticipated cyclical levels.

What is Flood Insurance?

Flood insurance is a special policy that is federally backed by the NFIP and available for both homeowners and businesses.

Indiana Flood Facts:

(Source: National Flood Insurance Program)

In the last 10 years (1998–2007), Indiana has experienced nine federally declared flood disasters. For example, in early 2005, heavy rains fell on soil already saturated from snowmelt, resulting in statewide flooding. Ninety percent of Indiana counties were declared federal disaster areas, with more than \$7 million in flood insurance claims paid to Indiana property owners.

Flooding costs Indiana. From 1998 through 2007, total insured flood losses in Indiana exceeded \$39.8 million.

More Indiana residents are now flood insured. Policies across the state have increased nearly two percent in the past year, to 28,707 as of January 2008.

However, many Indiana residents remain at financial risk. There are more than 2.3 million households in Indiana (2000 U.S. Census), and 28,707 insurance policies in effect. Only one percent of the state's households are covered.

Additional Tips

Protect the property from further loss and separate the damaged property from the undamaged property.

To the extent that you are able, prevent mold by removing wet contents immediately. Wet carpeting, furniture, bedding, and any other items holding moisture or water inside the building can develop mold within 24-48 hours. Items should be cleaned with a phenolic or pine-oil cleaner and bleach solution, if completely dried, and monitored for several days for any fungal growth and odors.

Make a list of damaged or lost items and include their age and value where possible. If possible, supply receipts for those lost items to the adjuster. This is not only required by the policy but is necessary for the adjuster to investigate and settle your claim. Officials may require disposal of damaged items. If so, keep a swatch or other sample of the items for the adjuster.

Take a photo inventory of your personal property, such as clothes, jewelry, furniture, computers and audio/video equipment. Photos and video of your home, as well as sales receipts and the model and serial numbers of items, will make filing a claim simpler.

The policy requires that you cooperate with the adjuster or representative in the investigation of your claim.

Within 60 days of loss, you will need to file a “proof of loss”, which is your signed and sworn statement of the amount you are claiming under your policy. The adjuster assigned to your loss or your agent can assist you with this.

For more information on flood insurance, visit <http://www.fema.gov/business/nfip/>; or contact the Indiana Department of Insurance at (800) 622-4461, or www.in.gov/idoi.